

From the Desk of the
Comptroller



Over the course of this year's tax filing season, my agency remains committed to providing first-class customer service that taxpayers expect and

deserve from their government. In addition to processing tax returns in less than three business days, we continue to improve customer service by reducing call wait times to our 1-800-MD-TAXES hotline with additional staff now taking taxpayers calls at our Salisbury and Hagerstown call centers. We also will be opening a walk-in Taxpayer Service Office in June on West Street in Annapolis to better serve taxpayers with a convenient and welcoming location.

Professional, trained staff stand ready to assist taxpayers with even the most complex questions, and our 12 branch offices throughout the state provide a wide range of services – including free preparation of state tax returns as long as the federal return is completed.

In January my team released the pioneering first-in-the-nation 60 Day Report on the impact the new Federal Tax Plan would have on the taxpayers

of Maryland. My indispensable Director of Revenue Estimates Andrew Schaufele and his team of experts worked tirelessly to provide a nonpartisan, comprehensive analysis to guide policymakers and taxpayers. A key finding in the report is that while the majority of Marylanders would see a benefit from the federal tax cuts, approximately 30 percent would see an increase in state taxes owed.

Legislation currently is being considered by the General Assembly in response to the federal tax plan, and my agency is ready to provide technical guidance to policymakers on how their legislative proposals would affect hardworking Maryland taxpayers.

I'm enormously proud and grateful of the work that my 1,100-person agency does on a daily basis, and we will continue to deliver respectful, responsive and results-oriented service to the taxpayers that we proudly serve.

Sincerely,

Peter Franchot
Comptroller of Maryland

Comptroller Releases Impact of Federal Tax Reform Report


Following an exhaustive analysis of the federal tax reform plan, Comptroller Peter Franchot joined Bureau of Revenue Estimates Director Andrew Schaufele in late January to deliver a report describing how changes to the tax code will affect Marylanders and

the state's revenues. "This report gives Maryland taxpayers a glimpse at how the complicated and sweeping reforms will impact their tax liabilities, at least in the short term," said Comptroller Franchot.

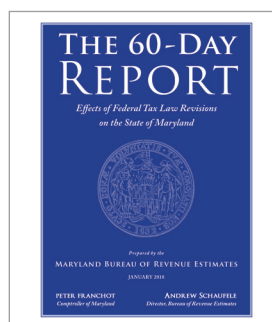
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Tax Returns Halted from 14 Tax Preparers

In February, Comptroller Peter Franchot announced immediate suspension of the processing of electronic tax returns from 14 tax preparers due to a high volume of questionable returns received. “My top priority is to protect Maryland taxpayers and detecting fraudulent tax returns,” Comptroller Franchot said. “We want to make sure the tax refunds we issue are legitimate and go to the correct taxpayers. My top-notch Questionable Return Detection Team is vigilant in rooting out returns that try to cheat the state and steal money from hardworking Marylanders.” The businesses, which were sent written notice of the action, were identified by the Comptroller’s nationally recognized fraud unit using state-of-the-art technology that allows the Office to detect fraud. The

agency’s review process provides an opportunity for blocked preparers to have their filing privileges restored. In 2016 and 2017, the Comptroller’s Office blocked suspicious tax returns at 95 tax preparation businesses in 113 locations. Since taking office in 2007, the Comptroller’s team has identified and blocked more than 88,000 fraudulent returns and intercepted and denied \$190.2 million worth of fraudulent refunds. A *complete list of all tax preparers blocked from filing returns is available at marylandtaxes.com*. If taxpayers suspect fraud, they are asked to immediately report the issue to the Comptroller’s Office by calling 1-800-MD-TAXES (1-800-638-2937) or 410-260-7980 in Central Maryland or by emailing taxhelp@comp.state.md.us. 

Continued from Page 1 Comptroller Releases Report on Impact of Federal Tax Reform



Report on the impact of tax reform on Marylanders.

The Comptroller continued, “What remains to be seen is whether this plan provides long-term economic growth or if the predicted benefits are front-loaded and we’ll be left with a big bill to pay down the road.”

The report estimates a cumulative federal income tax cut of roughly \$2.8 billion for Maryland residents in tax year 2018. Seventy-one percent of

Marylanders will pay less federal tax, 13 percent will pay more and 16 percent will see no change to their federal obligation. The roughly two million taxpayers expected to benefit will see an average gain of \$1,741 per taxpayer.

The reduced federal liabilities are largely the result of several provisions in the Tax Cuts and Jobs Act: the doubling of the child tax credit, modifications to the standard deduction allowed for each filing status, changes to federal tax brackets and lower tax rates and a new deduction for qualified business income.

The impact on individual taxpayers’ state and local tax bills depends on whether they aim to minimize their combined federal-state-local tax burden or focus on their federal tax. Assuming most taxpayers prioritize greater overall savings, 68 percent of Marylanders would see no change in the amount of state and local tax owed, 28 percent would pay more and 4 percent would pay less.


The driving factors behind the changes to state and local income tax bills are the taxpayer shift to the State standard deduction – a consequence of taxpayers’ choices to no longer itemize at the federal level – and related changes to itemized deductions for such things as real estate taxes and home equity indebtedness. In addition, taxable income changes for moving expenses, alimony and 529 College Savings Accounts.

The report estimates Maryland’s general fund would increase by \$28.7 million and \$392.5 million in fiscal years 2018 and 2019, respectively. The Education Trust Fund would realize an additional \$867,000 and \$5.1 million, respectively.

Changes to the tax code will result in fewer charitable contributions because those donations don’t carry the same tax benefit as they had previously, according to the report. Some taxpayers may no longer benefit directly from home ownership, which may have an impact on housing prices.

While the report does indicate that more money will be placed in the hands of consumers and investors, creating positive economic impacts, it is unclear how the cost of the reform (\$1.5 trillion added to the deficit in 10 years) will impact interest rates.

Lastly, the report points out the looming issue of funding requirements for existing entitlement obligations, such as Social Security and Medicare. If the tax cut does not pay for itself, the federal fiscal situation will be even more dire and will negatively impact the state’s and the nation’s economy.

The full report can be viewed online at the Comptroller’s website at marylandtaxes.com. 

Comptroller Raises Awareness of Elder Financial Abuse

Comptroller Peter Franchot and Attorney General Brian Frosh kicked off PROTECT Week January 8 at Charlestown Retirement Community in Catonsville to raise awareness about elder financial abuse and tax fraud prevention. The Comptroller participated in a week-long campaign, which held several events focused on how Marylanders can avoid becoming victims of these crimes.

Guidewell Financial Solutions, a Maryland nonprofit credit counseling agency, led the statewide campaign sponsored by Wells Fargo in partnership with the Offices of the Comptroller and Maryland Attorney General and several other agencies.

“Over the last 10 years, my office has detected and blocked more than 80,000 fraudulent tax returns worth over \$185 million,” said Comptroller Franchot. “Victims of tax fraud – many of whom are vulnerable, older Marylanders – sometimes deal with the impact of this abuse for years in silence. That’s why education and awareness are key to keeping seniors safe.”

“There are huge risks that older victims of financial exploitation can face in terms of their personal financial health and overall economic well-being,” said President and CEO of Guidewell Financial Solutions Helene Raynaud. “We’re legally obligated to report suspected financial exploitation of older Marylanders. Raising awareness about the prevalence of this issue is imperative to prevention.”

Financial elder abuse is when someone uses an



During PROTECT Week, Comptroller Peter Franchot spoke to residents about cyber security and how to avoid tax scams. Sitting behind him is his father, Douglas Franchot.

older adult’s property or money improperly or illegally. PROTECT Week is to raise awareness, to help Marylanders recognize the warning signs and to provide tools to intervene early when an older adult is in danger.

Other events included, a Tele-town Hall with AARP Maryland and the AARP Fraud Watch network; a presentation by the Deputy Comptroller Sharonne Bonardi at Holiday Park Senior Center in Silver Spring; a presentation by Comptroller Franchot with Montgomery County Office of Consumer Protection, the Montgomery County State’s Attorney’s Crimes Against Seniors Division and the Maryland CASH Campaign at Riderwood in Silver Spring and a presentation by Deputy Comptroller Sharonne Bonardi at Charlotte Hall Veterans Home.

Anyone who suspects that an older adult is being mistreated or is the victim of financial exploitation or fraud is urged to call the Maryland Department of Aging at 1-800-332-6347 or the police. ❧

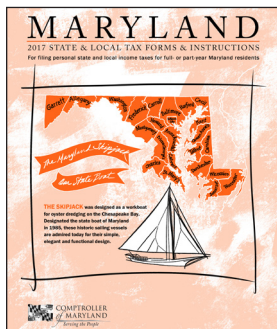
2018 Tax Filing Deadline is April 17

The Comptroller’s Office began processing personal income tax returns for Tax Year 2017 on January 29 — the same day the Internal Revenue Service (IRS) started accepting returns. As it has done in the past, the Comptroller’s Office does not immediately process a state tax return if W-2 information is not on file.

Employers were required to report wage information to

the Comptroller on or before January 31. Processing of business tax returns commenced on January 8. This year, the filing deadline for 2017 tax returns is Tuesday, April 17, rather than the traditional April 15. In 2018, April 15 falls on a Sunday and Emancipation Day — a legal holiday in the District of Columbia — falls on April 16, which pushes the filing deadline to the following day. ❧

Tax Forms, Instructions & Booklets



Maryland's 2017 Tax Booklet.

The resident tax booklets contain both the tax forms and the instructions for each major form. The tax forms on the website are available separately from the resident and nonresident instruction booklets. All of the tax forms have been reformatted to ensure enhanced readability when paper forms are filed. This format has increased the number of pages of some of the tax returns. Make

sure that you attach all pages of your return to ensure that your return is processed correctly.

- **Tax Forms and Instructions Online** - Tax forms and instructions for Individual and Business taxpayers are available here online at Maryland Tax Forms and Instructions.

- **Tax Booklets at Post Offices** - The Comptroller's Office no longer supplies local post offices with tax booklets.

- **Tax Booklets at Libraries** - We have provided a limited supply of tax booklets to a number of libraries throughout the State that have requested them.

- **Tax Booklets at Comptroller's Taxpayer Service Offices** - Tax booklets are available at all of our local taxpayer service offices.

- **Request a Tax Booklet** - Taxpayers may request a resident or nonresident tax booklet by calling 410-260-7951, or by e-mail at taxforms@comp.state.md.us.

Taxpayer Service Offices will be open from 8:30 a.m. to 4:30 p.m. Monday through Friday to help taxpayers fill out and electronically file Maryland income tax forms for free. Please bring any W-2 statements or other withholding statements, such as 1099s, that you have, along with your **completed** federal income tax return.

Changes for Business Taxpayers

There are three new business tax credits available, the Apprentice Employee Tax Credit, Qualified Farms Tax Credit, and Qualified Veteran Employees Tax Credit. See Parts Y, Z, and AA of Instructions to Form 500CR for more information.

Reminder about Electronic Format: For tax years beginning after December 31, 2012, you must file your tax return electronically in order to claim a business tax credit unless you submit a waiver from the electronic filing requirement. To request a waiver from filing the Form 500CR electronically, you must submit a completed Form 500CRW Waiver Request for Electronic Filing of Form 500CR and it must be attached to Form 500CR in the filing of your return.

Beginning with Tax Year 2015, certain individual taxpayers may elect to claim the Community Investment Tax Credit and/or the Endow Maryland Tax Credit on Maryland Form 502CR, and thus avoid the electronic filing requirement. Read Instructions to Form 500CR to see if you qualify for this election.

Changes to business tax credits:

Biotechnology Investment Incentive Tax Credit: The definition of "biotechnology company" has been expanded to include a company that will, within 2 months, become primarily engaged in the research, development, or commercialization of innovative and proprietary technology that comprises, interacts with, or analyzes biological material including biomolecules, cells, tissues, or organs. Previously the company had to be engaged in these activities at the time of investment. The definition also extended the time period in which the company has been in business.

A qualified company cannot be in business longer than 12 years (previously 10). The Department of Commerce can extend this time period to 15 years if it determines the company needs additional time to complete process of regulatory approval. If a company receives an investment but fails to satisfy the requirements of biotechnology company within 2 months, the Department of Commerce shall revoke the tax credit certificates issued and recapture tax credits already claimed by the qualified investor.

TAX HELP Available through April 18, 2018, 8 a.m. - 7 p.m., Monday - Friday
1-800-MDTAXES (1-800-638-2937) or from Central Maryland: 410-260-7980.

2018 Tax Filing Season Under Way

Here are some of the most important changes and benefits affecting the approximately 3.5 million taxpayers working on their 2017 Maryland income tax returns.

Maryland began processing personal income tax returns for Tax Year 2017 on January 29, the same day the Internal Revenue Service (IRS) began accepting returns.

Processing of business returns began January 8, the same day the IRS began accepting returns. The Comptroller's Office recommends filing electronically to ensure returns are received and processed quickly.

Claiming Business Income Tax Credits For tax years beginning after December 31, 2012, taxpayers must file tax return electronically to claim a business tax credit unless a waiver from the electronic filing requirement has been submitted. To request a waiver from filing the Form 500CR electronically, taxpayers should submit a completed Form 500CRW Waiver Request for Electronic Filing of Form 500CR and it must be attached to Form 500CR in the filing of the return. Beginning with Tax Year 2015 certain individual taxpayers may elect to claim the Community Investment Tax Credit and/or the Endow Maryland Tax Credit on Maryland Form 502CR, and thus avoid the electronic filing requirement. Read instructions to Form 502CR to see the qualifications for this election.

New Tax Rates Local Tax Rate Changes — For tax year 2017, Calvert County has increased its rate to 3 percent and Somerset County has increased its rate to 3.2 percent. Please note the changes on 2017 Form 502D. For tax year 2018 Cecil County has increased its rate to 3 percent. Please note the changes on 2018 Form 502D.

Exemptions and Deductions There have been no changes affecting personal exemptions on the Maryland returns.


Personal Exemption Amount: The exemption amount of \$3,200 begins to be phased out if the federal adjusted gross income is more than \$100,000 (\$150,000 for joint taxpayers). The \$3,200 exemption is phased out entirely when the income exceeds \$150,000 (\$200,000 for joint taxpayers). See Instruction 10 in the Resident tax booklet for the reduced amounts, or review the page, Determine Your Personal Income Tax Exemptions. The additional exemption of \$1,000 remains the same for age and blindness.



In the lead up to the 2018 Tax Filing Season, Comptroller Peter Franchot visited with employees of his Revenue Administration Division where tax returns are processed.

Dependent Form 502B will be required to be attached to Form 502, Form 505 and Form 515 to determine what exemptions the taxpayer is entitled to claim.

Itemized Deduction Limitation: The State of Maryland continues to recognize the federal itemized deduction limitation threshold (Pease Limitation). This means that a taxpayer will reduce the federal itemized deductions used on the Maryland return only when the federal adjusted gross income is high enough for the federal itemized deductions to be reduced or limited on federal Form 1040, Schedule A.

If a taxpayer with high income is subject to limitations on itemized deductions, and has taken a state income tax deduction, the taxpayer will need to use the revised itemized deduction worksheet (Resident Worksheet 14A or Nonresident Worksheet 16A) to reflect the amount of state income tax deductions that were limited on the Maryland return. 

Comptroller Franchot Presents WDS Helping People Awards

Comptroller Peter Franchot continues to present his William Donald Schaefer Helping People Award to deserving individuals and organizations throughout Maryland.

As of February, awards have been presented to the following individuals and organizations:

- **Allegany** – Cherie Snyder
- **Anne Arundel** – Isabel's Gift
- **Baltimore City** – George E. Mitchell
- **Baltimore County** – Catch A Lift
- **Calvert** – LEAP Forward, Inc.
- **Carroll** – Makenzie Greenwood
- **Cecil** – Shop with a Cop
- **Frederick** – Aje Hill
- **Howard** – Colleen Konstanzer
- **Montgomery** – Andrew Lee
- **Prince George's** – Gustavo Torres

“William Donald Schaefer was a role model for many citizens and organizations helping neighbors and strangers throughout our great state,” Comptroller Franchot said. “Every day, hundreds of Marylanders sacrifice their own time to aid vulnerable populations or those in need. It is a privilege to recognize their selfless contributions.”

Award recipients are selected on their demonstration of:

- Improving the community;
- Promptly responding to a citizen problem through effective government intervention;



Comptroller Franchot presented 2017 William Donald Schaefer Helping People Award for Prince George's County to CASA de Maryland at the nonprofit's Multicultural Center in Hyattsville. Founded in 1985, CASA advocates for equal treatment and pursues full access to resources and opportunities for low-income Latinos and their families. CASA also works with other immigrant communities and organizations, advocating for social, political and economic justice. CASA Executive Director Gustavo Torres accepted the award.

- Directly aiding our most vulnerable populations; or,
- Establishing a public/private partnership to improve the lives of fellow Marylanders.

The Comptroller created the Schaefer award to honor the legacy of public service exemplified by the former governor and comptroller. Schaefer was Mayor of Baltimore from 1971 to 1986; Governor of Maryland from 1987 to 1995; and Comptroller from 1999 to 2007. Each year, one winner is selected from each of Maryland's 24 jurisdictions. 🏆




On January 26, Comptroller Peter Franchot met with members of the Greater Cumberland Committee during the group's annual visit to Annapolis. Brenda Smith, standing to the Comptroller's right, is the group's executive director. The Comptroller later attended the Mountain Maryland Positive Attitudes Change Everything (PACE) Reception and spoke during the PACE breakfast the following morning.

Comptroller Announces BPW Approval of Annapolis Office

As part of his ongoing commitment to providing first-class taxpayer service, Comptroller Peter Franchot in early February announced the Board of Public Works unanimously approved a 10-year lease agreement for a new Taxpayer Service Office in downtown Annapolis.

The office, located at 60 West Street, Suite 102, will be a more secure and convenient location for Marylanders to get walk-in tax help from trained professionals. About 10 Comptroller employees who currently work at the Revenue Administration Division building will move to the new facility, which is slated to be open by June 1 and will be open to the public on weekdays from 8:30 a.m. to 4:30 p.m.

“My office’s top priority is to maintain and enhance

our longstanding reputation for delivering respectful, responsive and results-oriented customer service,” said Comptroller Franchot. “This building will be convenient and welcoming for taxpayers to get assistance while preserving strong security protocols for safeguarding sensitive information. I am grateful to my Board of Public Works colleagues, Governor Hogan and Treasurer Kopp, for their support of this project.” Comptroller staff at the satellite office will assist Marylanders with tax questions and tax payment options year-round. In the past 13 months, the agency has opened remote call centers in Salisbury and Hagerstown to better respond to the volume of taxpayer inquiries received during peak tax season. 

Local Branch Offices Ready for Tax Season

Branch Offices Listed by City - Assistance is available 8:30 a.m. - 4:30 p.m., Monday through Friday.

Annapolis

Revenue Administration Center
110 Carroll Street
Annapolis, MD 21411 (410)-260-7980

Baltimore

State Office Building
301 W. Preston Street, Room 206
Baltimore, MD 21201 (410)-767-1994

Cumberland

Allegany Museum
3 Pershing Street, Suite 101
Cumberland, MD 21502 (301)-722-574

Elkton

Upper Chesapeake Corporate Center
103 Chesapeake Boulevard, Suite D
Elkton, MD 21921 (410)-996-0465

Frederick

Courthouse/Multiservice Center
100 W. Patrick Street, Room 2603
Frederick, MD 21701 (301)-600-1982

Greenbelt

6401 Golden Triangle Drive, Suite 100
Greenbelt, MD 20770 (301)-486-7540

Hagerstown

1850 Dual Highway, Suite 201
Hagerstown, MD 21740 (301)-791-7108

Salisbury

Sea Gull Square, Suite 182
1306 South Salisbury Boulevard
Salisbury, MD 21801 (410)-546-8100

Towson

Hampton Plaza
300 E. Joppa Road, Plaza Level 1A
Towson, MD 21286 (410)-296-3982

Upper Marlboro

Prince George’s County Courthouse
14735 Main Street, Room 083B
Upper Marlboro, MD 20772 (301)-952-2810

Waldorf

1036 Saint Nicholas Drive, Suite 202
Waldorf, MD 20603 (301)-645-7818


Wheaton

Westfield Wheaton South Building
11002 Veirs Mill Road, Suite 408
Wheaton, MD 20902 (301)-942-5400

IRS: Standard Mileage Rates for 2018 Inch Up from 2017

The Internal Revenue Service issued the 2018 optional standard mileage rates used to calculate the deductible costs of operating an automobile for business, charitable, medical or moving purposes. Beginning Jan. 1, 2018, standard mileage rates for car use (also vans, pickups or panel trucks) will be:

- 54.5 cents for every mile of business travel driven, up one cent from the rate for 2017.
- 18 cents per mile driven for medical or moving purposes, up 1 cent from the rate for 2017.
- 14 cents per mile driven in service of charitable organizations.

The business mileage rate and the medical and moving expense rates each increased one cent per mile from the rates for 2017. The charitable rate is set by statute and remains unchanged. The standard mileage rate for business is based on an annual study of the fixed and variable costs of operating an automobile. The rate for medical and moving purposes is based on the variable costs. Taxpayers always have the option of calculating the actual costs of using their vehicle rather than using the standard mileage rates. More information may be found at IRS.gov. 

Important Maryland Tax Phone Numbers

Taxpayer Services: Call 1-800-MDTAXES: **1-800-638-2937**
or from Central Maryland **410-260-7980**.

Central Registration Unit: For help in completing the Combined Registration Application, call **410-260-7980** from Central Maryland or **1-800-638-2937** from elsewhere. You can also fax your completed application to **410-260-7908** or complete and file the application online at **www.marylandtaxes.com**.

Refund Unit, Compliance Division: For information about sales and use tax, admissions and amusement tax and tire fee refunds, call **410-767-1530**.

License Bureau, Investigative Services Unit: To determine if special licenses are required, call **410-260-6240** or toll-free **1-866-239-9359**. Send email inquiries to slb@comp.state.md.us.

No Tax Due? If you have no tax due for the filing period, you may telefile your business tax return at **410-260-7225**. You can also file your business tax return electronically, using bFile.

Visit the agency's website www.marylandtaxes.com to:
file business taxes electronically, using bFile; pay existing income and business tax liabilities online, using BillPay; register business tax accounts online; verify sales tax exemption certificates online; and use other online services.

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